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Full Loan Request: Pontefract Industrial Refinance

Date:	10/5/2023
Main Site:	Unit 9, Acton Hall Enterprise Park, Off Station Lane, Featherstone, WF7 6EQ
Property Description:	The Subject Property contains 11 industrial units, 39 storage containers, and storage land, on an overall site area of 1.7 acres.
Loan Summary:	We are asked to provide a 58% LTV gross loan facility in order to refinance the existing Pontefract Industrial loan.



HIGHLIGHTS			
Loan Type	Commercial Term Loan	SIPP Eligible	Yes
Property Value	£600,000	Passing Income	£97,692
Gross Loan	£348,000	Loan to Value (LTV)	58%
Blended Interest Rate	7.63%	Loan Term	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
B	Medium	51-65%	£48,000	9.06%	8.15%	3.68x
A	Low	0-50%	£300,000	7.40%	6.66%	4.40x

PROPERTY			
Market Value	£600,000	Passing Income	£97,692
Vacant Possession Value	£500,000	Estimated Rental Value	£95,000
Tenure	Freehold	Asset Class	Light Industrial
EPC Rating (min. E)	E	Planning Use	E

Property Details

The Subject Property comprises of a large industrial complex, having originally been the pit head development for Ackton Hall Colliery.

A number of the original engineering buildings have been retained on site, but the majority of buildings and structures have been cleared, with the resultant yard retained, having been sub-divided and let to a number of different tenants.

In addition, the Borrower has positioned a number of re-locatable transport containers across the site which are let for storage to a number of local businesses.

The transport containers are free standing and do not attach directly to the land, being positioned over the surfaced/loosely surfaced yard areas.

The site is secured in its entirety with a range of boundary treatments including steel palisade fencing and concrete post and wire mesh boundary fencing and has two sets of security gates to the access roadway.

The buildings are predominantly concentrated towards the north western corner of the site and comprise a series of adjacent and partially interconnecting industrial buildings.

The buildings have been sub-divided to create a number of individual units of occupation.

The principal building, which is arranged in two bays, is of solid brick construction, being a former railway engineering building providing two adjacent and separate bays.

One bay is largely open plan, having a wood trussed, pitched, corrugated asbestos roof and has been clad with single skin metal decking to the front elevation in order to give the impression of being more modern than is actually the case.

The neighbouring bay is of similar, solid brick construction and has been clad to the front elevation with metal decking.

The roof is of light steel trussed design and construction and was originally covered with corrugated asbestos although following damage by fire this roof covering has been removed.

To the rear and partially connecting to are two separate single storey units which are in part rendered and have a part pitched and secondary insulated, wood trussed roof covered with corrugated metal decking and having plastic rainwater goods over a sealed solid concrete floor.

This building incorporates a suspended timber, mezzanine floor from where access is provided to a loft space over the bay adjacent.

Property Details

To the rear is a further bay of similar solid brick construction, being part rendered and part lined with concrete block work, having a wood trussed, pitched roof covered with corrugated asbestos and over sheeted with metal decking, having a sealed, solid concrete floor.

The building has been partitioned internally to create a two storey amenity block with offices over, toilets and kitchen together with a works office.

This building extends into a steel framed, single storey unit clad with timber boarding and part metal decking faced with a mono-pitched, single skin metal decking roof and raised timber floor.

This provides basic accommodation forming an entrance and reception area for the larger building to the rear.

The block of buildings is further extended with the construction of a single skin, concrete block work built and rendered extension, having a mono pitched timber roof covered with built up roofing felt over steel beams and having a concrete floor.

This provides access to the neighbouring workshop for which it is occupied in conjunction and to the rear extends to a block built, single storey lean-to extension with a mono pitched, single skin metal decking roof over a sealed solid concrete floor.



Location Report

The Property is located within a predominantly industrial location at the northern extremity of the district of Featherstone.

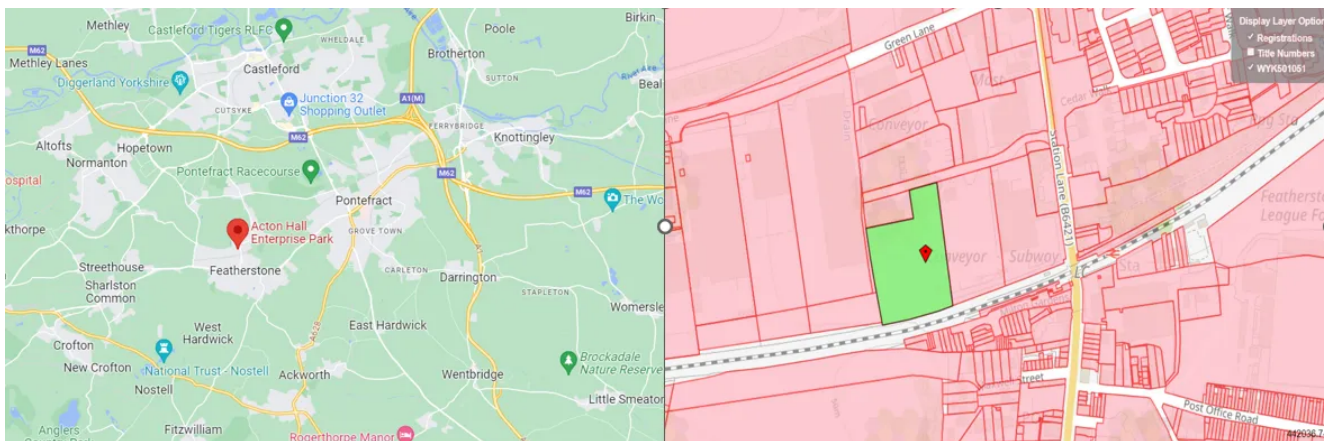
Featherstone is a small town and civil parish in the city of Wakefield lying approximately 3 miles southwest of the large town of Pontefract, of which it effectively forms an extension.

The Property is accessed via a cul-de-sac tributary driveway which links to the west of Station Lane and services the Ackton Hall Enterprise and CMS Business Parks terminating to the west of the Subject Property.

The estate is separated from the residential and commercial districts of the town centre by the railway line which runs immediately to the south of the subject property although there are areas of predominantly social housing to the east, across Station Lane, as well as to the north of Green Lane. These areas are however sufficiently well screened from the Subject Property and surrounding industrial area.

The principal highway serving the district is the Wakefield/Pontefract Road (A645) which lies to the south of the town and provides access between the city of Wakefield to the west and the town of Pontefract to the northeast, as well as continuing onward toward junction 33 of the M62/A1M.

In addition, Green Lane links to the west of Common Side Lane, which in turn provides access via the newly upgraded Pontefract Road/Loscoe Lane to junction 31 of the M62.



Tenant Commentary

The Subject Property contains 11 industrial units, 39 storage containers, and a separate section of land on one title, on the following lettings as per the tenancy schedule below let on rolling licences);

Reference	Rent PCM	Annual Income	Company / Name	Email	Address	
MCCON1	£ 100.00	£ 1,200.00	John Farquharson	5 townsroofing@gamil.com	139 Embleton Road	LS26 9DA
MCCON2	£ 140.00	£ 1,680.00	West Yorkshire Property Serv (WYPS)	cpdwysltd@gmail.com	West Yorkshire Property Services	WF6 1SX
MCCON3	£ 80.00	£ 960.00	Tony Appleyard	tonyapp1561@hotmail.co.uk	15 Katrina Grove	WF7 5LW
MCCON4	£ 80.00	£ 960.00	Peter Dziemianczuk			
MCCON5	£ 70.00	£ 840.00	Peter Dziemianczuk			
MCCON6	£ 80.00	£ 960.00	Peter Brooks	peterbrook@icloud.com	9 Manor Crescent	WF2 8SD
MCCON7	£ 80.00	£ 960.00	Steve Loveridge	ste.loveridge@icloud.com	6 Ambleside Road	WF10 2PF
MCCON8	£ 80.00	£ 960.00	Matthew Rhodes	rhodesm95@me.com	20 Sowgate Lane	WF11 0BN
MCCON9	£ 96.00	£ 1,152.00	JRB Construction	buxtonjohn151@googlemail.com		
MCCON10	£ 80.00	£ 960.00	Mr Richard Harrison	darsyxiv@gmail.com	6 Broomhill Square	WF11 0EE
MCCON11	£ 80.00	£ 960.00	Steve Flavell	sjflavellgb@hotmail.co.uk	31 Crossley Street	WF7 1DY
MCCON12	£ 100.00	£ 1,200.00	Jo Harrison	joharrison2015@gmail.com	14 Parkers War	WF7 7FW
MCCON13	£ 100.00	£ 1,200.00	Dolly Flynn	jansbitsnobs@aol.com	4 Lawrence Avenue	WF8 4DD
MCCON14	£ 80.00	£ 960.00	AJW Property Maintenance	ajwpropertymaintenance@hotmail.com	16 Box Lane	WF8 2JW
MCCON15	£ 100.00	£ 1,200.00	Warren Towler	wtowlerplumbing@hotmail.co.uk		
MCCON16	£ 100.00	£ 1,200.00	Matthew Lancaster	matthewlancaster1984@googlemail.com	73 Bell Terrace	WF7 7JJ
MCCON17	£ 80.00	£ 960.00	Dean Parkin	admin@westyorkshireautos.co.uk	25 Gillygate	WF8 1PH
MCCON18	£ -	£ -	Not in situe			
MCCON19	£ 50.00	£ 600.00	Carl & Tiffany Jeffery	carljeffery@yahoo.com	128 Wakefield Road	WF8 4DZ
MCCON20	£ 100.00	£ 1,200.00	Hannah (M Collins)	deputyandestatesteam@wakefield.gov.uk		
MCCON21	£ 60.00	£ 720.00	Dean Parker	deano-54@hotmail.com	25 Gillygate	WF8 1PH
MCCON22	£ 100.00	£ 1,200.00	JOHN NIPPER	dgler@hotmail.com	13 YORK STREET	S72 8DA
MCCON23	£ 100.00	£ 1,200.00	James Winder			
MCCON24	£ 60.00	£ 720.00	ROB NICHOL	RLNICHOL@LIVE.CO.UK	5 Chiltern Avenue	WF10 5PR
MCCON25	£ 100.00	£ 1,200.00	Michael Pitchford	mick.pitchford@yahoo.com		
MCCON26	£ 100.00	£ 1,200.00	Dave Brown	davybig@yahoo.co.uk	11 Henderson Avenue	WF6 1DQ
MCCON27	£ 100.00	£ 1,200.00	Sally Jones	martin_croft@hotmail.co.uk	86 Avon Walk	WF7 6JS
MCCON28	£ -	£ -	Not in situe			
MCCON29	£ -	£ -	Not in situe			
MCCON30	£ 100.00	£ 1,200.00	Richard Katasuva	katusuvatjikune@gmail.com	29 Elizabeth Street	WF1 5NE
MCCON31	£ -	£ -	Not in situe			
MCCON32	£ 100.00	£ 1,200.00	Amico IT Ltd	aaron@amico-it.co.uk	.	
MCCON33	£ 100.00	£ 1,200.00	STEVEN FISHER			
MCCON34	£ -	£ -	NEW			
MCCON35	£ 200.00	£ 2,400.00	AGNES HEMINGTON		128 DUKE STREET	PR8 5BZ
MCCON36	£ -	£ -	NEW			
MCCON37	£ -	£ -	NEW			
MCCON38	£ -	£ -	NEW			
MCCON39	£ -	£ -	NEW			
MCUNITA	£ 800.00	£ 9,600.00	West Yorkshire Motors	admin@westyorkshireautos.co.uk	52 Huntwick Crescent	WF7 5JQ
MCUNITB	£ 250.00	£ 3,000.00	West Yorkshire Motors			
MCUNITC	£ 300.00	£ 3,600.00	West Yorkshire Motors			
MCUNITD	£ 450.00	£ 5,400.00	West Yorkshire Motors			
MCUNITF	£ 395.00	£ 4,740.00	MCR CARS LTD	mccarsltd@gmail.com	20 Sowgate Lane	WF11 0BN
MCUNITG	£ 395.00	£ 4,740.00	MCR CARS LTD			
MCUNITH	£ 225.00	£ 2,700.00	Darren Ellis	info@ukisigns.co.uk	122 Featherstone Lane	WF7 6LR
MCUNITI	£ 500.00	£ 6,000.00	Steve Loveridge	ste.loveridge@icloud.com	6 Ambleside Road	WF10 2PF
MCUNITJ	£ 280.00	£ 3,360.00	Carl & Tiffany Jeffery	carljeffery@yahoo.com	128 Wakefield Road	WF8 4DZ
MCUNITK	£ 400.00	£ 4,800.00	Warren Towler	wtowlerplumbing@hotmail.co.uk		
MCUNITL	£ -	£ -	UKI			
MCVanStore	£ 50.00	£ 600.00	MCVanStore - Ron Hall		145 Pontefract Road	WF7 5LW
MCLAND	£1,300.00	£ 15,600.00	Cas Pallets	nigel@yorkshirepallets.co.uk		
	£8,141.00	£ 97,692.00				

Tenant Details

Passing Rent £97,692 p.a.

Occupancy Level

Industrial Units - 100%
Containers - 77%

Valuation Commentary

A valuation of the property was carried out by Brownill Vickers Ltd on 23rd March 2023, a copy of which can be seen in the supporting documents. The valuation concludes the following:

- the Property was found to be in a reasonable overall condition
- the Property on the whole has been maintained to a reasonable standard
- the Subject Property is situated in an established and popular industrial location
- subject to marketing, there would be a reasonable level of demand to purchase
- the sale would be expected to be completed within approximately 9-12 months
- the rental levels being received are consistent with other similar properties locally
- the containers have the potential to generate a further rental income of £9,348 p.a.
- the Property is considered suitable for normal secured lending purposes.

Valuation Numbers

Market Value	£600,000	Vacant Possession Value	£500,000
Passing Rent	£97,692	Estimated Rental Value	£95,000
Reinstatement Value	£800,000		

Report on Title

A Report on Title will be supplied by Harrison Clark Rickerbys Limited acting on behalf of Proplend Security Ltd, and it's comments thereon can be viewed under documents.

LOAN

Gross Loan	£348,000	Loan Purpose	Refinance
Loan Term	36 months		
Loan to Value (LTV)	58%	LTV Covenant	65%
Interest Cover Ratio (ICR)	3.68x	ICR Covenant	2x
Rate of Interest	7.63%	Interest Expense (p.a.)	£26,552

Serviceability	Rental income of £97,692 per annum is being received, with interest payments due of £26,552 p.a.
Interest Reserve	Proplend will retain £13,282 (6 months interest) from the gross loan amount which will be held on account.

Fees			
Arrangement Fee	2%	Broker Fee	1%
Early Repayment	N/A	Exit Fee	1% - only incurred if the loan is not fully redeemed within the agreed 36-month loan term.

Existing Facility			
Lender	Proplend	Expiry	21/5/2023
Amount Outstanding	£336,000	Status	Active - Good Standing

Business Plan During Loan Term
The Borrower still views the Subject Property as a long-term investment. During the term of our loan, the Borrower will continue to make minor improvements and repairs to the Subject Property as and when required, and will endeavour to maximise rents, where possible.

Exit Strategy
The Borrower intends to repay this loan on or before maturity from the net sale proceeds of other property within the Borrower's portfolio. As an alternative, a refinance will be sought at the most attractive terms possible in order to redeem this loan.

Security			
Charge	First Legal Charge	Debenture	Debenture Not Applicable

Property Insurance	PSL Interest to be Noted on Completion
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BORROWER	
Name	M & K D Campbell
Registration	Personal Capacity

Sponsor	
Name	Mark and Karen Campbell
Age	58 & 57 respectively
Relevant Experience	The Borrowers are husband and wife commercial property investors, borrowing in their personal capacity. The Borrowers purchased their first investment property in 1985 and have grown the portfolio slowly since, amidst other business interests, to seven properties - mostly residential buy-to-lets, or HMOs. Mark is also the owner of Featherstone Rovers Rugby League Club. They are also joint shareholders of UKI Services Limited (sign installations). We have been provided with an up-to-date personal assets and liabilities statement showing that their joint net worth is just over £3m.
Credit History	Clear, with Lexis Nexis checks Passed.

Term Loan Risk Rating	
Risk Category	Rating
Financial Ratios	MEDIUM
Asset Class Outlook	LOW
Property Risk	MEDIUM
Tenants Leases	MEDIUM
Borrower Sponsor	MEDIUM
Risk Rating [3.5 to 10.02]	6.38
Risk Level	MEDIUM LOW

Lender Risks	Mitigant	Risk Level
The Borrower is not able to successfully execute their business plan.	We are not in control of, or even have visibility of the Borrower's plan to sell a property, or properties, elsewhere in the portfolio, however, we do know that they are on average, 60% geared. Certainly plan B, to refinance, should be very easily achievable, should that become the ultimate means of repayment. If that is the case, the Borrower and the Property continue to perform as they have done to date, we may wish to provide the Borrower with a further loan.	Medium

Lender Risks	Mitigant	Risk Level
The Borrower stops making monthly interest payments to Lenders due to loss of lease income and or tenants whose leases had ended, had exercised a lease break or have gone into receivership.	The tenants provide individually weak, local covenants however there is a reasonable spread of tenants and as above, the interest cover is a healthy 3.68x. Although tenants can vacate at short notice, the Borrower can 'afford' to lose over 44% of the current rental income and still not be in breach of the ICR covenant, of 2x. Further comfort may be taken in our holding of a 6-month Interest Reserve.	Low
The Borrower is unable to repay the loan principal at the end of the loan term because they have not been able to sell or re-finance the property.	As above, the Borrower's second exit strategy is very achievable, other things being equal, if they have been unable to raise sufficient net sale proceeds to redeem our loan.	Medium
The Property falls in value due to either macroeconomic or property specific reasons	At 58% LTV gross, there would need to be a significant downturn in commercial Property values, before lenders in Tranche B would be affected. We are lending; • 58% of the market value • 70% of the 90-day value • 70% of the Vacant Possession Value.	Medium

Conditions Precedent

The following actions have been completed prior to credit approval:

- Satisfactory AML/KYC checks in respect of the Borrowers / Directors / Shareholders
- Clear credit searches against the Directors / Shareholders
- Formal, independent valuation addressed to Proplend Security Limited by a RICS qualified valuer confirming market value of the property.
- Satisfactory completion of all stated security requirements / Report on Title.
- Adequate insurance cover with the interest of Proplend Security Limited noted
- Proplend Ltd diligence to be satisfied that interest payments can be serviced
- Loan to value not to exceed 58% on draw down

Documents

The following documents are available to download via the Loan Request screen:

- A Draft Standard Loan Contract
- A copy of the Valuation Report

The Report On Title and Lettings Report produced by Harrison Clark Rickerbys Limited will be made available as soon as it is received.

PROPLEND DISCLAIMER - PLEASE NOTE:

The information provided in this Loan Request is provided solely by the applicant and not Proplend Ltd ("Proplend") or Proplend Security Limited ("PSL"). Neither Proplend nor PSL has verified or audited the information in the Loan Request or the Loan Request itself; and the publication of the Loan Request by the applicant on the Platform does not constitute any approval, endorsement or representation by Proplend or PSL in relation to the Loan Request. Neither Proplend nor PSL provides any warranty, representation or undertaking as to the accuracy, timeliness or reliability of the information in the Loan Request or that the Loan Request or any Due Diligence Material accurately reflects the risks associated with the Loan Request; nor does Proplend or PSL make any recommendation or give any advice of any kind in relation to the Loan Request. Expected bad debt estimates are estimates for general guidance only and neither Proplend nor PSL warrant their accuracy or reliability. Lenders should seek their own independent legal, financial, tax or other advice before lending. Capital at risk.